



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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**Gloria Molina
Mark Ridley-Thomas
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Commissioners

Sean Rogan
Executive Director

May 22, 2012

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**HEARING TO APPROVE THE 2012-2013 ACTION PLAN FOR THE ALLOCATION
OF FEDERAL FUNDS
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the Fiscal Year 2012-2013 Action Plan to enable the County of Los Angeles (County) to apply for, receive, and administer Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) program funds from the U.S. Department of Housing and Urban Development (HUD) for housing and community development activities in the 48 participating cities and the unincorporated areas of the Urban County. This letter relates to two other items appearing on today's agenda for the Board of Commissioners of the Community Development Commission (Commission) and the Board of Commissioners of the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Find that the approval of the Fiscal Year 2012-2013 Action Plan is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.
2. Approve the Action Plan for Fiscal Year 2012-2013, which will enable the Los Angeles Urban County to receive and administer an estimated \$42,909,936 in federal funds, comprised of the following: \$21,009,818 in new Thirty-Eighth Program Year (July 1, 2012 to June 30, 2013) CDBG funds; \$236,995 in Fiscal Year 2012-2013 CDBG funds received as a joint applicant with the City of Cerritos



and \$776,886, with the City of Torrance; \$10,896,622 in CDBG funds from prior years; \$835,325 in estimated future CDBG Program income; \$6,842,806 in Fiscal Year 2012-2013 HOME funds; and \$2,311,484 in Fiscal Year 2012-2013 ESG funds.

3. Designate the Commission to serve as the agent of the County for administration of the Action Plan for Fiscal Year 2012-2013 (Action Plan) and the allocated funds described herein; and authorize the transfer of these allocated funds in the Action Plan to the Commission.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The National Affordable Housing Act (NAHA) of 1990 (Cranston/Gonzalez Housing Act), as amended in 1992, requires that the County provide a single, consolidated submission of the proposed expenditure of funds to be eligible for the HUD formula grant funding, including CDBG, HOME, and ESG. The Action Plan satisfies these federal requirements to provide for the release of these allocated funds.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

All funds allocated in the Action Plan will be transferred to the Commission for administration. The Action Plan allocates an estimated \$42,909,936 in federal funds, as follows: \$21,009,818 in new Thirty-Eighth Program Year (July 1, 2012 to June 30, 2013) CDBG funds; \$236,995 in Fiscal Year 2012-2013 CDBG funds received as a joint applicant with the City of Cerritos and \$776,886 with the City of Torrance; \$10,896,622 in unexpended CDBG funds from prior years; \$835,325 in estimated future CDBG Program income; \$6,842,806 in Fiscal Year 2012-2013 HOME funds; and \$2,311,484 in Fiscal Year 2012-2013 ESG funds.

CDBG funds total \$33,755,646 and are comprised of new, reallocated, prior years', and CDBG Program income funds, of which \$4,571,805 will be used for administration costs. A total of \$21,822,942 in CDBG funds will be allocated among the five (5) Supervisorial Districts for projects in the unincorporated areas of the County. Of the funds allocated by Supervisorial Districts, \$2,540,814, comprised of \$1,400,000 in new 2012-2013 funds and \$1,140,814 in prior year CDBG funds, will be distributed to the Housing Authority of the County of Los Angeles (Housing Authority) for capital improvement projects and services for residents of public housing. A total of \$11,932,704 in CDBG funds will be allocated among the 48 participating cities. Projects to address housing and community needs will be implemented by the Commission, the Housing Authority, County Departments, and 35 community-based organizations and other public agencies, such as school districts.

The City of La Mirada will receive a total of \$452,534 in Fiscal Year 2012-2013 CDBG funds and prior years' funds from other participating cities, in exchange for general funds, as follows: \$116,455 from the City of Santa Fe Springs; \$33,806 from the City of Sierra Madre; \$20,175 from the City of Rolling Hills Estate; \$58,000 from the City of La Verne; \$78,506 from the City of Hermosa Beach; \$2,735 from the City of Bradbury; and \$142,857 from the Fourth Supervisorial District. The City of Hawaiian Gardens will receive a total of \$165,855 in Fiscal Year 2012-2013 CDBG funds from other participating cities, in exchange for general funds, as follows: \$102,865 from the City of Manhattan Beach; \$62,990 from the City of Agoura Hills. The City of San Fernando will receive a total of \$112,375 in Fiscal Year 2012-2013 CDBG funds and prior years' funds from other participating cities, in exchange for general funds, as follows: \$61,725 from the City of El Segundo; and \$50,650 from the City of Avalon.

The CDBG Reimbursable Contracts with three cities currently repaying Section 108 loans will be amended to reduce the allocations of Fiscal Year 2012-2013 CDBG funds by \$1,235,557 in order to set aside annual repayment amounts that are due under separate Section 108 loan agreements. The following amounts will be subtracted from their Fiscal Year 2012-2013 allocations: \$558,489 from the City of Bell Gardens; \$156,104 from the City of Culver City; \$347,315 from the City of San Fernando. Additionally, \$173,649 will be subtracted from the Fifth Supervisorial District's Fiscal Year 2012-2013 allocation to set aside the Section 108 loan annual repayment amount for the unincorporated West Altadena supermarket site assembly.

HOME funds total \$6,842,806, of which \$684,281 will be used for HOME Program administration, as determined by HUD. The First-Time Homebuyer Program will use \$1,539,631 in Fiscal Year 2012-2013 HOME funds to provide homeownership opportunities in the unincorporated areas of the County and participating cities. Housing development and Community Housing Development Organization (CHDO) activities will use \$3,387,189. In addition, \$1,231,705 will be made available for owner-occupied single-family rehabilitation program on a first-come, first-served basis. HOME funds may be reprogrammed for homeownership, development, and rehabilitation needs.

ESG funds total \$2,311,484. These funds will be allocated to the Los Angeles Homeless Services Authority (LAHSA) for projects to assist the homeless in the unincorporated areas of the County of Los Angeles and participating cities. LAHSA will conduct a Request for Proposal (RFP) process to award these funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 27, 2008, your Board approved the Five-Year Consolidated Plan for 2008-2013 and the first Fiscal Year 2008-2009 Action Plan of the Consolidated Plan. These documents have been updated as required by HUD. The current Fiscal Year 2011-2012 Action Plan ends on June 30, 2012, and a new Action Plan must be adopted by your

Board to continue receiving funding from HUD. This Action Plan includes a description of the activities to be undertaken during Fiscal Year 2012-2013 to address the objectives of the Consolidated Plan's five-year strategy.

Standard CDBG Advance or Reimbursable Contracts will be entered into with recipients of CDBG funds. Reimbursable Contracts for Fiscal Year 2012-2013 will be executed with the Cities of Manhattan Beach, Agoura Hills, Santa Fe Springs, Sierra Madre, Rolling Hills Estates, La Verne, Hermosa Beach, Bradbury, El Segundo, and Avalon; these participating cities have agreed to transfer their entire new allocations to the Cities of San Fernando, La Mirada, and Hawaiian Gardens in exchange for general funds.

Memoranda of Understanding will be executed with participating cities wishing to implement single-family Homeowner Rehabilitation activities using HOME funds. These funds will be used for homeownership, housing development, and redevelopment activities throughout the unincorporated County and in participating cities.

In addition to the above proposed allocations, the Executive Director of the Commission is requesting authority to terminate CDBG contracts with operating agencies that fail to address administrative deficiencies, CDBG Program compliance issues, or other contract obligations. Following consultation with County Counsel and the respective Supervisorial Districts, the Commission will determine whether it is in the best interest of the County to suspend funding for the CDBG Program year and terminate the contracts. If so, the Commission will then recover any disallowed or unexpended funds and return said funds to the appropriate Supervisorial Districts.

All public notice requirements contained in 24 Code of Federal Regulations Part 91 Section 91.105 of the NAHA for approval of the Action Plan have been satisfied. A total of five community meetings were held in September 2011. Comments received at these meetings have been incorporated into the Action Plan and were posted on the Commission website in late April 2012 to update the public regarding the comments received at the meetings. Notices of the 30-day public comment period and public hearing were published in newspapers throughout the County in different languages and copies of the draft Action Plan were made available for review at public libraries. The public comment period will conclude on May 22, 2012.

The Action Plan is attached to this Board letter. The following documents are also attached: Fiscal Year 2012-2013 CDBG Program Funding Summary; Fiscal Year 2012-2013 HOME Grant Reservations and Set-Asides; and Proposed Use of ESG Funds. These items appear as Attachments A through C, respectively.

All of the projects proposed in the Action Plan are being federally funded. As applicable, the administering agencies will be subject to the prevailing wage requirements of the Davis-Bacon Act and its related Acts, and Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be

directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance. However, where Section 3 is not applicable, the agencies will be subject to the County's Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program, which furthers the same or similar goals.

This letter has been reviewed by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The Action Plan is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(1), because it is a planning document and does not involve activities that will alter existing environmental conditions. The Action Plan is not subject to the provisions of CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Each program within the Action Plan will be reviewed for environmental impact on a project-by-project basis before funding is released.

CONTRACTING PROCESS

The County does not use a competitive process to award CDBG contracts to non-profit agencies. Each Supervisorial District utilizes the Community Resources Investment Strategy (CRIS), citizen input from community meetings, and consultations with the Commission to select agencies that best meet community needs.

HOME funds are used to implement a variety of affordable housing development and rehabilitation programs available to households earning less than 80% of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by HUD. HOME funds for development are made available on an annual basis through a competitive Notice of Funds Available (NOFA). Funds are made available to for-profit and non-profit developers. Projects are selected to maximize the impacts of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also made available on a first-come, first-served basis to income-qualified buyers for the purchase of existing housing and for owner-occupied single-family housing in need of rehabilitation.

ESG funds are allocated to LAHSA. LAHSA contracts with non-profit and government agencies in order to provide housing and services for homeless individuals and families through an RFP process that solicits proposals for new and continuing projects.

IMPACT ON CURRENT PROJECTS

The projects contained in the Action Plan will benefit low- and moderate-income residents of the unincorporated County and participating cities.

Respectfully submitted,


for SEAN ROGAN
Executive Director

Enclosures

ATTACHMENT A

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Thirty-Eighth Year Grant (July 1, 2012 - June 30, 2013)

Funding Summary

Grant Funds To Be Received

Thirty-Eighth Year Urban County Entitlement Funds	\$21,009,818
Received for the City of Cerritos	\$236,995
Received for the City of Torrance	\$776,886
TOTAL (revenues for Thirty-Eighth Program Year)	\$22,023,699

Revenues for Thirty-Eighth Program Year	\$22,023,699
Prior Years Funds	\$10,896,622 ¹
Projected Program Income	\$835,325
TOTAL REVENUES	\$ 33,755,646

Distribution of CDBG Funds for the Thirty-Eighth Program Year

Unincorporated Areas	\$21,822,942 ²
Participating Cities	\$11,932,704 ³
TOTAL	\$ 33,755,646

¹ Includes Districts' unallocated/reprogrammed funds, countywide prior year funds, and reallocated/prior year funds of participating cities.

² Includes reallocated funds, prior years' funds, and projected program income.

³ Includes reallocated funds and prior years' funds.

ATTACHMENT B

FISCAL YEAR 2012-2013 HOME GRANT FUND RESERVATIONS AND SET-ASIDES

The following chart depicts the distribution of HOME funds among housing activities within the Los Angeles Urban County.

HOME PROGRAM	FUNDS
Total Funds (Estimated)	\$ 6,842,806 HOME
Administration	\$ 684,281 (HUD Determined - 10%)
Community Housing Development Organizations (CHDO)	\$ 1,026,421 (HUD Determined - 15%)
Homebuyer Assistance	\$ 1,539,631 FY 2012-2013 HOME
New Construction:	\$ 2,360,768
Rehabilitation:	\$ 1,231,705

*Funds among activities may be reprogrammed

ATTACHMENT C

PROPOSED USE OF ESG FUNDS

The Los Angeles Homeless Services Authority (LAHSA) proposes to use the 2012-2013 Emergency Solutions Grant (ESG) allocation to meet the purpose of the Stewart B. McKinney Homeless Assistance Act 24 CFR 576.1 (b) as amended by The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 and to meet the goals in the 2008-2013 Consolidated Plan.

IN 2009, the HEARTH Act revised the Emergency Shelters Grant Program and renamed the program the Emergency Solutions Grant (ESG) program and also revised it to broaden existing emergency shelter and homelessness prevention activities to add rapid re-housing activities. As such, homelessness prevention and rapid re-housing services will be provided along with homeless shelter and street outreach. Together, these activities will strengthen the referral system of these services in order to address the needs of individuals and families at risk of homelessness and those that are now chronically homeless.

The following is an estimate of the percentages of the ESG funds to be allocated to the various eligible activities:

ELIGIBLE ACTIVITY	PERCENTAGE	ESTIMATED ALLOCATION
Street Outreach	\$342,770	14.8%
Emergency Shelter	\$893,649	38.7%
Homelessness Prevention	\$157,226	6.8%
Rapid Re-Housing	\$628,904	27.2%
HMIS	\$115,574	5.0%
Administration	\$173,361	7.5%
Total	\$2,311,484	100%

LAHSA will meet the matching funds requirement with 100% federal Supportive Housing Program funds for the 2012-2013 Program Year.